Written Testimony of
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Before the

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"Industry Priorities for the 109th Congress"

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continue dumping in the United States the money is distributed to affected and eligible parties. Unfortunately, because of continued dumping, our industry received approximately fifteen million dollars in CDSOA distributions in 2004. Even more unfortunately, fifteen to twenty million dollars that were supposed to be collected in 2004from importers were not collected. I say that this is unfortunate because we would prefer that foreign producers stop dumping, that no duties had to be collected, and that we could gain the additional volume and the related employment gains if such dumping were to cease. In the meantime, if foreign producers decide to continue to dump, we believe that our companies can better spend this money on our plants and employees than would the federal government if these funds were kept by the Treasury.

Fourth, our associations's members are greatly concerned about the enforcement of the trade laws. In recent cases against Turkey and Thailand, the Department of Commerce has granted massive duty drawback adjustments to foreign pipe and tube producers even though these producers admitted that they used no imported steel for the manufacture of pipe and tube products for sale in their home market. Through our counsel's research, we have learned that in virtually identical circumstances in cases before the European Union (EU), Canada, and Australia, that all of those countries denied duty drawback adjustments. In fact, the EU regulations, modeled on the same WTO provisions that are incorporated in U.S. law, specifically provide that duty drawback adjustments are granted only to the extent that producers demonstrate that such duties on imported inputs are included in the cost of producing products for the home market. We do not understand how representatives of the Department of Commerce can continue to tell Congress that they vigorously enforce the trade laws in the face of proof that the Department of Commerce routinely enforces trade laws much less vigorously than our trading partners. Congress should take a closer look at this Department practice.

As a result of these mistaken trade law enforcement decisions by Commerce, imports from Turkey have increased by seventy percent in the last three years (2002-2004). In our company's main product line, structural tubing, Turkish imports have tripled over that same period.

We are also concerned that in its investigations, the International Trade Commission (ITC) gives undue weight to profitability as compared to all the other statutory injury factors, including production, shipments, market share, and employment. To be honest, faced with imports that are often below the cost of our raw materials, we and many other pipe and tube producers have chosen to forgo volume and lay off workers rather than to try to drop prices when we can't get close to the import prices to maintain volume. Thus we may still have good profit margins, even though we're losing volume, market share, and employment. It seems to us that if we have established rules that lock the U.S. industry into constantly losing market share to unfairly traded imports, with no opportunity to access unfair trade relief, such rules are ensuring that America's trade and budget deficits will only increase in the future.

The association and its members are very concerned about the failure of the

IMPORTS OF CERTAIN PIPES AND TUBES FROM CHINA, TURKEY AND ALL COUNTRIES

Imports in 1,000s of net tons

	China			Turkey			All Countries		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Standard Pipe	14	96	274	55	66	86	1,090	986	1,292
Oil Country Tubular Goods	64	121	176	9	28	21	489	758	1,109
Line Pipe	36	49	60	1	3	14	1,133	947	1,094
Mechanical Tubing	7	9	24	31	31	15	561	554	632
Structural Pipe & Tubing	2	1	8	17	35	50	402	415	555
Stainless Pipe & Tubing	5	8	17	0	0	0	83	95	119
Total	128	283	559	113	163	185	3,760	3,755	4,801

Data from AISI Imports-3 report

Last updated March 14, 2005